

**CHILDREN AND FAMILIES LIMITED**

**(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS**

**FOR THE PERIOD FROM THE 1 APRIL 2016 TO THE 31 MARCH 2017**

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**CHILDREN AND FAMILIES LIMITED**

**TRUSTEES REPORT  
FOR THE YEAR ENDED 31 MARCH 2017**

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**REFERENCE AND ADMINISTRATIVE DETAILS**

**Charity Name**

Children and Families Limited

**Charity Number**

1115459

**Company Number**

04615904

**Registered Office and Principal Address**

Children and Families Limited

Seashells

Rose Street

Sheerness

Kent

ME12 1AW

**Trustees/ Directors**

AW Bayford

C White

JC Bromiley

DJ Buckett

L Anning

**Company Secretary**

J Duncan

**Senior Staff Members**

J Duncan

JW Payne

I Townsend-Blazier

**Bankers**

National Westminster Bank PLC

National Westminster House

37 Old Dover Road

Canterbury

Kent

CT1 3JB

**Auditors**

MHA MacIntyre Hudson

Chartered Accountants

71 New Dover Road

Canterbury

Kent

CT1 3DZ

**TRUSTEES REPORT  
FOR THE YEAR ENDED 31 MARCH 2017**

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The trustees are pleased to present their annual directors' report together with the consolidated financial statements of the charity and its subsidiaries for the ending the 31 March 2017 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Governing Document and Constitution**

Children & Families Limited is a not for profit company limited by guarantee that was formed on the 12th December 2002 and was registered as a charity with the Charity Commission on the 20th July 2006. The charity is governed by its Memorandum & Articles of Association and managed by its Board of Directors who are also the Trustees as defined by Section 97 of the Charities Act 1993. The Board has overall control of the charity.

**Trustee Appointment**

No Directors retired or joined the Board during the period. Any person legally entitled and willing to act as a Company Director and Trustee may be appointed to the Board and all applications are duly considered and agreed by the Board in the best interests of the charity. The Company Secretary inducts new Trustees into the charity and also informs them of suitable training opportunities that will support them in their role as a Trustee.

**Organisational Structure**

The Board of Directors has five members with equal rights under the Memorandum and Articles of Association. Children & Families Limited is the charitable parent company of three wholly owned subsidiary trading companies. The subsidiaries are Children & Families Childcare Ltd, Children & Families Children's Centres Ltd and FareShare Kent CIC. As parent of the subsidiaries, Children & Families Limited is a Corporate Director of each and appoints two natural persons from its Board to serve as Directors on each. The Company Secretary and Chief Executive Officer of Children & Families Limited also acts in these roles for each of the subsidiaries. The Board of Directors meets quarterly and sets the strategic direction and policy of the charity and group of companies under its control.

**Child Protection**

As a children's charity the protection of children is our paramount concern. We have strict and comprehensive safeguarding and child protection policies, procedures and mechanisms in place to protect children from harm. We employ safe recruitment practices and ensure thorough vetting of staff including the use of enhanced DBS disclosures. Staff are trained in child protection awareness and are supported by Designated Safeguarding Leads who ensure the safety of children within services.



**OBJECTIVES AND ACTIVITIES**

In setting our objectives and planning our activities we have given careful consideration to the Charity Commission's general guidance on public benefit. The trustees confirm that to the best of their ability they have consistently complied with their duty to have due regard to this guidance in exercising their powers and duties.

Our charitable objects are to advance the education of the public in the subject of childcare and parenting to ensure that children can: i) be healthy; ii) stay safe; iii) enjoy and achieve; iv) make a positive contribution; and v) achieve economic well-being. We seek to develop the capacity and skills of the members of the socially and economically disadvantaged community of Kent in such a way that they are better able to identify and help meet their needs and to participate more fully in society. We seek to promote general charitable purposes for the benefit of the community of Kent and the surrounding area and to provide relief from financial hardship and social and/or economic disadvantage and to advance the education of its residents of all ages and in particular to provide opportunities for the aforementioned residents to participate fully in the life of their community in ways which address and alleviate social and economic disadvantage. We also pursue the relief of unemployment for the benefit of the public in such ways as may be thought fit, including assistance to find employment.

In pursuit of our objects we have undertaken a number of activities particularly with disadvantaged communities in Kent for public benefit. This includes the delivery of high quality, registered early education and childcare, where we have worked with parents to help them, help their children to develop and thrive. We have also provided children's centre services to children and families, supporting parents of very young children to keep them healthy, safe and to help them with their early learning. We have supported the delivery of other services to the community by hosting health visiting, midwifery and other important community services with a family focus. We have delivered parenting programmes such as the Solihull Approach and family support to those in need, especially family financial support, helping families to manage their finances better and maximise their income to help reduce the impact of child poverty. We have provided volunteering and training opportunities, especially to parents and particularly in support of those wishing to get back into employment. Our Family Food Bank has also provided emergency food boxes to many vulnerable families across the county who have experienced financial hardship in times of crisis.

**TRUSTEES REPORT  
FOR THE YEAR ENDED 31 MARCH 2017**

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**ACHIEVEMENTS AND PERFORMANCE**

During the year we delivered a number of child and family support services targeting child poverty including the Family Food Bank, the Family Finance Project and our Children's Centre services. These services helped over 8,850 family members in Kent in 2016/17 with food, welfare advice, money management and other family support services. This support is targeted at those families with the youngest children where child poverty is often disproportionately high and where we believe we can have the greatest impact on ensuring children are given the best opportunities in life.

Our subsidiary FareShare Kent also delivered a record 308 tonnes of food to 116 charities and community organisations in Kent. This is estimated to have provided over 730,000 meals for the beneficiaries of those organisations and couldn't have been achieved without the 41,000 hours of volunteer time donated by our incredible volunteer team. This team were also instrumental in ensuring the Family Food Bank was able to deliver more than 2,700 food boxes to families in crisis during the year, equivalent to more than 114,000 free meals for our beneficiaries.

One of our settings was Ofsted inspected and achieved a strong 'Good' overall judgement and all other settings also remained 'Good' in all areas during the year. Over 500 children benefitted from the childcare and early education we provided with over 73% of this being free at the point of delivery to our families. We have worked hard to ensure the effective use of technology in our settings by the use of tablets and specialist observation, assessment and tracking software that allows us to communicate with parents electronically in addition to traditional methods. This has enhanced our ability to work with parents and ensure effective planning for children's early learning.

Our children's centre service continued to perform strongly during the year. The chart below shows the volume of contacts with beneficiaries across all managed service areas:

	Family Contacts		
	2014/15	2015/16	2016/17
<b>Children</b>	25,122	25,606	26,693
<b>Parents/Carers</b>	18,888	27,303	27,354
<b>TOTAL</b>	44,010	52,909	54,047

In addition, Seashells delivered a number of other successful projects with support from the Local Children's Partnership Group, delivering five successful Solihull parenting programme courses, a play & learning home visiting project and a student work placement programme for young people from the local secondary school. Seashells was also named Kent Messenger's local Charity of the Year for 2017.

## **FINANCIAL REVIEW**

The Trustees are reporting a 2017 surplus of £69,167 (2016: surplus of £17,887). Childcare operations continue to perform well as has unrestricted income. FareShare Kent made a significantly reduced loss of £3,475 on operations over the year. The social investment Children & Families Limited makes in FareShare Kent supports its Family Food Bank service, enabling us to deliver over 2,700 food boxes equivalent to more than 114,000 meals in 2016/17. The financial KPIs that the Trustees monitor are as follows: i) the level of debtors; ii) the level of the general free reserve.

### **Reserves Policy**

In the Trustees' view, the charity's reserves should provide it with adequate financial stability and the means for it to meet its charitable objectives for the foreseeable future. The Trustees have therefore decided to maintain funds as follows:

Designated Building Reserve Fund (2017: £127,500) – This fund will be held for essential future expenditure on the charity's property and in particular the Seashells building. The fund will be increased by an amount of not less than £10,000 annually.

Designated Redundancy Reserve Fund (2017: £86,028) – This fund will be calculated annually to ensure funds are available to meet any redundancy liabilities in the event of the organisation being wound up.

General Free Reserve Fund (2017: £238,401) – This fund will be held to ensure the future stability and sustainability of operations during any periods of unforeseen difficulty. The Trustees will aim to maintain this fund at 3 to 6 months of annual turnover.

### **Risk Management**

The Board of Directors meets at least four times a year and receives financial, performance, risk and activity reports. Operations are insured and include but are not limited to: Employers Liability, Public Liability, Professional Indemnity, Directors Indemnity, Buildings and Legal Expenses. In addition, we contract for the provision of health and safety and employment law advice.

The principle risks identified by the Board include: i) sustained deficit financial performance ii) increased competition in the early education sector iii) loss of tenant income iv) resignation or long-term illness of a senior manager v) structural changes to the national FareShare model vi) decommissioning of Sure Start vii) child safeguarding failure.

We review and record our risks in our Risk Register, assessing their probability, impact and means by which we can mitigate against them.

### **Plans for Future Periods**

We will continue to extend our work in the coming year looking for opportunities to increase the number of children and families in Kent that we're able to support through our children's centre, food bank and other family support services. We will also continue to expand the number of

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FOR THE YEAR ENDED 31 MARCH 2017**

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charities supported by FareShare Kent and if the food is available, we will aim to ship at least 300 tonnes of surplus food in 2017/18. We will also continue to look for suitable opportunities to grow our early education and childcare operations.

**STATEMENT OF TRUSTEES RESPONSIBILITIES**

The charity trustees (who are also directors of Children and Families Limited for the purposes of company law) are responsible for preparing the trustee's annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing their preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Statement of Disclosure of Information to our Auditors**

In so far as the trustees are aware at the time of approving our trustees' annual report:

- there is no relevant information, being information needed by the auditor in connection with preparing their report, of which the group's auditor is unaware, and

**TRUSTEES REPORT  
FOR THE YEAR ENDED 31 MARCH 2017**

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- the trustees, having made enquiries of fellow directors and the group's auditor that they ought to have individually taken, have each taken all steps that he/she is obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

By order of the board of trustees

**Auditors**

MHA MacIntyre Hudson were re-appointed as the charity's auditors during the year and have expressed their willingness to continue in that capacity.

**Small Company Exemptions**

This report has been prepared in accordance with the special provisions relating to small companies within Part 415A of the Companies Act 2006.

Approved by the Board and signed on its behalf by:



L Anning - Chair

Date: 12<sup>th</sup> December 2017

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHILDREN AND FAMILIES LIMITED**

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We have audited the financial statements of Children and Families Limited for the year ended 31 March 2017 which comprise the Group Statement of Financial Activities, the Group and Charity Company Balance Sheet, the Group and Charity Company Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charitable company's trustees, as a body, in accordance with regulations made under section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charitable company's members and its trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body and its trustees as a body, for our audit work, for this report or for the opinions we have formed.

**Respective responsibilities of trustees and auditor**

As explained more fully in the Trustees' Responsibilities Statement set out on page 8, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Boards (APB's) Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements:

- ☐ give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2017, and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- ☐ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (applicable to smaller entities); and
- ☐ have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS AND TRUSTEES OF CHILDREN AND FAMILIES LIMITED****(continued)****Opinion on other matter prescribed by the Companies Act 2006**

In our opinion based on the work undertaken in the course of the audit:

- the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees Annual Report has been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees Annual Report.

We have nothing to report of the following matters where the Companies Act 2006 and the Charities Act 2011 requires us to report to you if, in our opinion:

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.



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**Duncan Cochrane-Dyet FCA**  
**Senior Statutory Auditor**  
**For and on behalf of MHA MacIntyre Hudson**  
**Statutory Auditors**  
**71 New Dover Road**  
**Canterbury**  
**Kent**  
**CT1 1XD**

Date.....

*15 December 2017*

**GROUP STATEMENT OF FINANCIAL ACTIVITIES (incorporating an Income and Expenditure Account)**  
**FOR THE YEAR ENDED 31 MARCH 2017**

	Notes	Unrestricted Funds	Restricted Funds	Total 2017	Total 2016
		£	£	£	£
<b>INCOME</b>					
Donations		60	7,513	7,573	8,341
Income from charitable activities					
Grants receivable	2	15,722	39,746	55,468	93,152
Fees receivable		1,244,500	-	1,244,500	1,291,114
Rent and service charges receivable		65,898	-	65,898	62,665
Other income		62,455	726	63,181	33,129
Investment income		479	-	479	729
<b>Total Income</b>		<b>1,389,114</b>	<b>47,985</b>	<b>1,437,099</b>	<b>1,489,130</b>
<b>EXPENDITURE</b>					
Expenditure on charitable activities	4	1,323,940	43,992	1,367,932	1,471,243
<b>Total Expenditure</b>		<b>1,323,940</b>	<b>43,992</b>	<b>1,367,932</b>	<b>1,471,243</b>
<b>Net income for the year</b>		<b>65,174</b>	<b>3,993</b>	<b>69,167</b>	<b>17,887</b>
Gross transfers between funds	13	-	-	-	-
<b>Net Movement in Funds</b>		<b>65,174</b>	<b>3,993</b>	<b>69,167</b>	<b>17,887</b>
<b>Reconciliation of funds</b>					
Total funds brought forward		816,375	27,186	843,561	825,674
<b>Total funds carried forward</b>		<b>881,549</b>	<b>31,179</b>	<b>912,728</b>	<b>843,561</b>

The statement of financial activities includes all gains and losses recognised during the year.




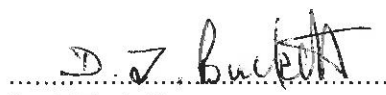
**BALANCE SHEETS  
AS AT 31 MARCH 2017**

	Notes	Group		Charity	
		31st March 2017	31st March 2016	31st March 2017	31st March 2016 Restated
		£	£	£	£
<b>Non Current Assets</b>					
Tangible Fixed Assets	9	429,620	418,836	213,901	197,040
Investments	9	-	-	104	104
Secured loan	9	-	-	170,000	170,000
		<u>429,620</u>	<u>418,836</u>	<u>384,005</u>	<u>367,144</u>
<b>Current Assets</b>					
Debtors	10	65,720	82,233	66,513	97,008
Cash at bank and in hand		<u>606,203</u>	<u>472,285</u>	<u>588,722</u>	<u>447,931</u>
		671,923	554,518	655,235	544,939
<b>Creditors: Amounts falling due within one year</b>	11	<u>188,815</u>	<u>129,793</u>	<u>128,854</u>	<u>73,271</u>
<b>Net Current Assets</b>		483,108	424,725	526,381	471,668
<b>Total assets less current liabilities</b>		<u>912,728</u>	<u>843,561</u>	<u>910,386</u>	<u>838,812</u>
<b>Creditors: Amounts falling due after one year</b>		-	-	-	-
<b>Net Assets</b>		<u>912,728</u>	<u>843,561</u>	<u>910,386</u>	<u>838,812</u>
Represented by:-					
<b>Funds</b>					
Unrestricted	13	881,549	816,375	879,207	811,626
Restricted	14	<u>31,179</u>	<u>27,186</u>	<u>31,179</u>	<u>27,186</u>
<b>Total Funds</b>		<u>912,728</u>	<u>843,561</u>	<u>910,386</u>	<u>838,812</u>

The notes on pages 15 to 25 form part of these accounts.

Approved and signed on behalf of the Board for issue on 12<sup>th</sup> December 2017 by:

  
Lauren Anning

  
David Buckett

**STATEMENT OF CASH FLOWS AND CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2017**

	Notes	Group 31st March 2017 £	31st March 2016 £	Charity 31st March 2017 £	31st March 2016 £
<b>Cash used in operating activities</b>	19	167,388	7,436	160,592	2,970
<b>Cash flows from investing activities</b>					
Interest income		479	729	8,660	9,238
Purchase of tangible fixed assets		(33,949)	(8,721)	(28,461)	(4,408)
<b>Cash provided by (used in) investing activities</b>		(33,470)	(7,992)	(19,801)	4,830
Increase (decrease) in cash		133,918	(556)	140,791	7,800
Cash at the beginning of the year 1 April 2016		472,285	472,841	447,931	440,131
<b>Cash at the end of the year 31 March 2017</b>		<u>606,203</u>	<u>472,285</u>	<u>588,722</u>	<u>447,931</u>
Cash and cash equivalents consist of:					
Cash at bank and in hand		<u>606,203</u>	<u>472,285</u>	<u>588,722</u>	<u>447,931</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

### 1 Accounting Policies

#### a) General information and basis of preparation

Children and Families Limited is a charitable company limited by guarantee. In the event of the charity being wound up the liability in respect of the guarantee is limited to £10 per member of the charity.

The address of the registered office is Seashells, Rose Street, Sheerness, Kent ME12 1AW.

The nature of the charity's operation and principal activities are the advancement of the education of the public in the subject of childcare and parenting.

The charity constitutes a public benefit entity as defined by FRS 102. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014, the Companies Act 2006 and UK Generally Accepted Practice as it applies from 1 January 2015.

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are presented in sterling which is the functional currency of the charity and rounded to the nearest £1.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

#### b) Reconciliation with previous Generally Accepted Accounting Practice

The charity adopted SORP (FRS 102) in the current year. In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was required. No such adjustments were required.

#### c) Incoming Resources and Debtors

Incoming resources are recognised when the charity or its subsidiaries has entitlement to the funds, any performance conditions have been met or are fully in the control of the charity or its subsidiaries, there is a significant certainty that receipt is probable and the amount can be measured reliably. These resources represent fees receivable during the year, in addition to grants receivable from various organisations. Where gifts are received of goods and services these are included as donations received at their estimated market value.

Debtors are recognised at the settlement amount less any discount agreed. Prepayments are valued at the amount prepaid after taking into account any discounts.

#### d) Fixed Assets

Tangible fixed assets costing more than £500 are capitalised and included at cost including any incidental expenses of acquisition. Items donated for ongoing use by the charity in carrying out its activities are recognised as tangible fixed assets and the corresponding gain recognised as income from donations within the SOFA.

Depreciation is calculated so as to write off the cost of fixed assets over the expected useful economic lives of the assets concerned. The rates used are as follows:-

Leasehold improvements	Over the period of the Lease or 20% on Cost
Office equipment	20% on Cost
Computer equipment	33% on Cost
Craft and gardening equipment	20% on Cost

Freehold property is not depreciated as the residual value is estimated to be at least as much as the book value.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017****1 Accounting Policies (continued)****e) Resources Expended and Creditors**

Resources expended are recognised in the period in which they are incurred. Resources expended include attributable VAT which cannot be recovered as the Company is not registered for VAT.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and these costs of an indirect nature necessary to support them.

Governance costs includes those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity.

All costs are allocated between the expenditure categories of the Statement of Financial Activities on a basis designed to reflect the use of the resource.

Creditors and provisions are recognised at their settlement value less any discounts where the charity has a present obligation from a past event that will probably result in the transfer of funds to a third party and the amount can be measured reliably.

**f) Fund Accounting**

Unrestricted funds are incoming resources receivable or generated from the objects of the charity without further specified purpose and are available in general funds.

Designated funds are unrestricted funds ear marked by the Trustees for a particular purpose.

Restricted funds are to be used for specific purposes as laid down by the donor, expenditure which meets these criteria is charged to the fund, together with a transfer which represents an estimate of support costs and management and administration costs.

**g) Operating leases**

Lease payments under operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as an expense in the period in which they are incurred.

**h) Financial instruments**

The charity has only basic financial instruments recognised at transaction value.

**i) Pensions benefits**

All eligible employees of the company are automatically enrolled into the NEST defined contribution scheme. Employees are then able to exercise their right to opt out completely or to elect to have the company's contributions paid into their own personal pension plans provided their own scheme is approved by the Pensions Regulator. Employees contract directly with NEST or their own provider. The company pays the minimum contribution required by the Pensions Regulator and acts as agent for no charge in collecting and paying over employee pension contributions. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the relevant scheme. The charge for the year was £6,966 (2016: £7,041). The amount outstanding to pension providers at the year end was £1,110 (2016: £1,258).

**j) Basis of consolidation**

These financial statements consolidate the results of the charity and its wholly owned subsidiaries Children and Families Childcare Limited, FareShare Kent C.I.C. and Children and Families Children's Centres Limited on a line by line basis. A separate Statement of Financial Activities, or income & expenditure account, for the charity itself is not presented because the charity has taken advantage of the exemptions afforded by Section 408 of the Companies Act 2006 and SORP 2015. The net movement in funds for the charity was £71,574 (2016: £47,560).

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**

**2 Grants Receivable**

	Unrestricted Funds £	Restricted Funds £	Total 2017 £	Total 2016 £
Kent County Council	-	27,896	27,896	4,686
Henry Smith Charity	-	-	-	29,300
Big Lottery Fund	-	10,000	10,000	13,000
Childcare Investment Readiness Fund	-	-	-	40,201
RBS Skills and Opportunity Fund	8,827	-	8,827	-
Cleary Foundation	-	600	600	500
Vanquis Bank	5,881	-	5,881	-
Birmingham City Council	-	1,250	1,250	-
Kent Community Foundation	1,014	-	1,014	-
Department for Work and Pensions	-	-	-	870
Kent Community Foundation - Overstone Fund	-	-	-	4,595
	<u>15,722</u>	<u>39,746</u>	<u>55,468</u>	<u>93,152</u>

In 2016 income from grants receivable was £93,152 of which £84,687 was attributable to restricted and £8,465 was to unrestricted.

**3 Income and Expenditure of Trading Subsidiaries**

The charity owns the whole of the issued share capital of Children and Families Childcare Limited. The results of this company are summarised below:

	2017	2016
Turnover	861,084	859,225
Direct costs	717,795	719,499
	<u>143,289</u>	<u>139,726</u>
Administrative expenses	49,283	39,503
Operating Profit	94,006	100,223
Gift aided to the charity	(93,559)	(99,772)
Retained in subsidiary	447	451
	<u>2017</u>	<u>2016</u>
The aggregate of assets, liabilities and funds was:	£	£
Assets	76,885	68,171
Liabilities	73,430	65,163
	<u>3,455</u>	<u>3,008</u>
Represented by:		
Ordinary shares of £1 each	2	2
Profit and loss account	3,453	3,006
Total funds	<u>3,455</u>	<u>3,008</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**

**3 Income and Expenditure of Trading Subsidiaries (continued)**

The charity owns the whole of the issued share capital of FareShare Kent C.I.C. The results of this company are summarised below:

	<b>2017</b> £	<b>2016</b> £
Turnover	204,331	112,538
Direct costs	197,221	125,667
	<u>7,110</u>	<u>(13,129)</u>
Administrative expenses	10,585	11,626
Net profit/(loss) retained in subsidiary	<u>(3,475)</u>	<u>(24,755)</u>
The aggregate of assets, liabilities and funds was:		
	<b>2017</b> £	<b>2016</b> £
Assets	237,807	244,743
Liabilities	<u>238,819</u>	<u>242,280</u>
	<u>(1,012)</u>	<u>2,463</u>
Represented by:		
Ordinary shares of £1 each	100	100
Profit and loss account	<u>(1,112)</u>	<u>2,363</u>
Total funds	<u>(1,012)</u>	<u>2,463</u>

The charity owns the whole of the issued share capital of Children and Families Children's Centres Limited. The results of this company are summarised below:

	<b>2017</b> £	<b>2016</b> £
Turnover	244,407	244,052
Direct costs	159,599	165,788
	<u>84,808</u>	<u>78,264</u>
Administrative expenses	77,234	83,633
Operating Profit/(Loss)	7,574	(5,369)
Gift aided to the charity	<u>(6,953)</u>	<u>-</u>
Retained in subsidiary	<u>621</u>	<u>(5,369)</u>
The aggregate of assets, liabilities and funds was:		
	<b>2017</b> £	<b>2016</b> £
Assets	55,223	16,876
Liabilities	<u>55,220</u>	<u>17,494</u>
	<u>3</u>	<u>(618)</u>
Represented by:		
Ordinary shares of £1 each	2	2
Profit and loss account	<u>1</u>	<u>(620)</u>
Total funds	<u>3</u>	<u>(618)</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**

**4 Total Resources Expended**

Charitable activities Provision of children and family services	Unrestricted Funds	Restricted Funds	Total 2017	Total 2016
	£	£	£	£
Staff costs	763,060	16,998	780,058	829,186
Training and recruitment	14,967	1,879	16,846	17,933
Staff travel and subsistence	30,464	1,166	31,630	28,428
Activities, materials and consumables	25,006	8,265	33,271	41,074
Catering	16,236	-	16,236	21,459
Light and heat	15,830	-	15,830	17,528
Cleaning	18,038	-	18,038	15,436
Insurances	15,823	-	15,823	15,370
Rent and rates	12,473	5,040	17,513	14,861
Postage, printing and stationery	5,039	73	5,112	6,585
Telephone and internet charges	7,827	-	7,827	10,714
Repairs and renewals	19,519	9,317	28,836	46,802
Subscriptions	1,508	-	1,508	2,318
Depreciation	22,936	-	22,936	22,653
Loss on disposal of fixed assets	229	-	229	-
<b>Support costs</b>				
Staff costs	292,862	-	292,862	280,456
Training and recruitment	543	-	543	661
Staff travel and subsistence	811	143	954	531
Advertising	4,688	-	4,688	906
Postage, printing and stationery	4,950	6	4,956	2,827
Equipment hire and maintenance	12,264	1,021	13,285	16,482
Bad debts	986	-	986	2,118
Legal and professional	13,429	-	13,429	52,242
Sundry expenses	652	-	652	1,044
Bank charges	3,039	84	3,123	3,565
<b>Governance costs</b>				
Staff costs	11,064	-	11,064	10,557
Staff travel and subsistence	481	-	481	124
Courses and conferences	-	-	-	-
Subscriptions	416	-	416	583
Auditors' remuneration - audit of the financial statements	8,800	-	8,800	8,800
	<u>1,323,940</u>	<u>43,992</u>	<u>1,367,932</u>	<u>1,471,243</u>

In 2016 expenditure from charitable activities was £1,471,243 of which £110,112 was attributable to restricted and £1,361,131 was to unrestricted.

The auditors' received no remuneration for non-audit and other services (2016: £Nil).

**5 Trustee Emoluments**

No Trustee has received any remuneration nor been reimbursed for any expenses (2016: £Nil).

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**

**6 Information on Employees**

	<b>Total 2017 £</b>	<b>Total 2016 £</b>
Staff costs are made up as follows:-		
Wages and salaries	1,016,302	1,050,116
Social Security costs	60,716	63,042
Pension costs	6,966	7,041
	<u>1,083,984</u>	<u>1,120,199</u>

No retirement benefits were accruing for directors (2016: none).

The number of employees whose total emoluments amounted to over £60,000 in the year were as follows:

	Number	Number
£60,001 - £70,000	1	1

The average number of employees during the period calculated on the basis of headcount, was made up as follows:-

Provision of child and family services	66	69
Support and administration	15	11
Governance	-	-
	<u>81</u>	<u>80</u>

The key management personnel of the parent charity and the group comprise the trustees, the Chief Executive Officer, the Group Accountant and the Business Development Manager. The total employee benefits of the key management personnel were £150,511 (2016: £144,325).

**7 Net Surplus for the Year**

	<b>2017 £</b>	<b>2016 £</b>
The net surplus for the year is stated after charging:-		
Depreciation of tangible fixed assets	22,936	22,653
Auditors remuneration	8,800	8,800
	<u>22,936</u>	<u>22,653</u>

**8 Taxation**

As a Registered Charity, the company is exempt from liability to taxation on its income.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**

9 Tangible Fixed Assets - Group	Freehold property	Leasehold improvements	Motor vehicles	Equipment	Total
	£	£	£	£	£
<b>Cost</b>					
As at 1 April 2016	191,000	268,850	2,500	174,616	636,966
Additions	1,791	6,876	-	25,282	33,949
Disposals	-	-	-	1,374	1,374
As at 31 March 2017	192,791	275,726	2,500	198,524	669,541
<b>Depreciation</b>					
As at 1 April 2016	-	77,768	469	139,893	218,130
Disposals	-	-	-	1,145	1,145
Charge for the year	-	4,952	625	17,359	22,936
As at 31 March 2017	-	82,720	1,094	156,107	239,921
<b>Net Book Value</b>					
As at 31 March 2017	192,791	193,006	1,406	42,417	429,620
As at 31 March 2016	191,000	191,082	2,031	34,723	418,836
<b>9 Tangible Fixed Assets - Charity</b>		<b>Leasehold improvements</b>	<b>Motor vehicles</b>	<b>Equipment</b>	<b>Total</b>
		£	£	£	£
<b>Cost</b>					
As at 1 April 2016		268,850	2,500	123,985	395,335
Additions		6,876	-	21,585	28,461
Disposals		-	-	1,374	1,374
As at 31 March 2017		275,726	2,500	144,196	422,422
<b>Depreciation</b>					
As at 1 April 2016		77,768	469	120,058	198,295
Disposals		-	-	1,145	1,145
Charge for the year		4,952	625	5,794	11,371
As at 31 March 2017		82,720	1,094	124,707	208,521
<b>Net Book Value</b>					
As at 31 March 2017		193,006	1,406	19,489	213,901
As at 31 March 2016		191,082	2,031	3,927	197,040
<b>9 Fixed Asset Investments - Charity</b>				<b>2017</b>	<b>2016</b>
				£	£
Investment in group companies				104	104

The investment in group companies represents 100% shareholdings in Children and Families Childcare Limited, FareShare Kent C.I.C. and Children and Families Children's Centres Limited all incorporated in England and Wales.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**

<b>9 Secured loan - Charity</b>	<b>2017 £</b>	<b>2016 £</b>
Debenture loan	170,000	170,000

This represents a loan to FareShare Kent C.I.C. in order for that company to acquire a freehold warehouse. The loan has been granted for a minimum of 10 years and is secured by way of a debenture secured on all the assets of FareShare Kent C.I.C. Interest is payable at a fixed rate of 4.5% per annum above the base rate for the time being of National Westminster Bank PLC.

<b>10 Debtors</b>	<b>Group 31st March 2017 £</b>	<b>31st March 2016 £</b>	<b>Charity 31st March 2017 £</b>	<b>31st March 2016 £</b>
Trade debtors	43,055	57,016	6,789	20,877
Amount owed by group company	-	-	50,646	63,791
Other debtors	2,153	4,912	-	705
Prepayments	20,512	20,305	9,078	11,635
	<u>65,720</u>	<u>82,233</u>	<u>66,513</u>	<u>97,008</u>

<b>11 Creditors: Amounts falling due within one year</b>	<b>Group 31st March 2017 £</b>	<b>31st March 2016 £</b>	<b>Charity 31st March 2017 £</b>	<b>31st March 2016 Restated £</b>
Trade creditors	31,645	21,313	15,932	7,548
Amounts owed to group companies	-	-	86,835	39,447
Taxation and social security	14,296	16,634	5,308	6,461
Other creditors	30,696	24,342	7,426	7,633
Accruals & deferred income	112,178	67,504	13,353	12,182
	<u>188,815</u>	<u>129,793</u>	<u>128,854</u>	<u>73,271</u>

In the prior year, profits gift aided of £99,772 to the charity by a subsidiary undertaking were not recognised in the charity, and a prior year adjustment has therefore been made to correct this.

Unrestricted incoming resources relating to services that have not been provided at the balance sheet date are reported as a liability. As the service is delivered over time it is recognised as incoming resources in the SOFA.

**12 Legal status**

Children and Families Limited is a company limited by guarantee. Every member undertakes to contribute such amounts as may be required, not exceeding £10 in the event of the company being wound up. The company has no share capital and is registered as a charity.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**

<b>13 Unrestricted Funds</b>	<b>Balance at 01 04 16 £</b>	<b>Incoming Resources £</b>	<b>Outgoing Resources £</b>	<b>Transfers £</b>	<b>Balance at 31 03 17 £</b>
<b>Designated funds:</b>					
Building reserve fund	115,000	-	-	12,500	127,500
Redundancy reserve fund	74,914	-	-	11,114	86,028
<b>General funds</b>	<b>626,461</b>	<b>1,389,114</b>	<b>(1,323,940)</b>	<b>(23,614)</b>	<b>668,021</b>
	<b>816,375</b>	<b>1,389,114</b>	<b>(1,323,940)</b>	<b>-</b>	<b>881,549</b>

The building reserve fund is money set aside to cover possible major expenditure required on the charity's property.

The redundancy reserve fund is additional money put aside for Statutory Redundancy Pay for all applicable group employees at the balance sheet date.

<b>14 Restricted Funds</b>	<b>Balance at 01 04 16 £</b>	<b>Incoming Resources £</b>	<b>Outgoing Resources £</b>	<b>Transfers £</b>	<b>Balance at 31 03 17 £</b>
Imagination Library	6,981	726	(1,042)		6,665
Family Food Bank	15,179	7,513	(11,714)		10,978
Family Finance Worker	3,334	-	(1,048)		2,286
Big Lottery Fund	1,692	-	(1,692)		-
LCPG Health & Social Project		1,652	(1,652)		-
LCPG Play Project		3,240	(3,240)		-
LCPG Solihull Approach Parenting		14,542	(14,542)		-
Cleary Foundation		600	(600)		-
Awards for All		10,000			10,000
Your Choice		1,250			1,250
Early Education IT		8,462	(8,462)		-
	<b>27,186</b>	<b>47,985</b>	<b>(43,992)</b>	<b>-</b>	<b>31,179</b>

**Imagination Library**

For families approaching eligibility for 'free for two', we undertake book corner visits and enrol them onto the Imagination Library, through which they receive a free new children's book each month.

**The Family Food Bank**

The Family Food Bank gives food boxes to families in crisis identified by workers in the community. In 2016/17 over 2,700 food boxes were provided to families across Kent equivalent to more than 114,000 meals.

**Family Finance Worker**

Funding from Swale Borough Council enables our Family Finance Worker to provide money management support and welfare advice to vulnerable families.

**Big Lottery Fund**

Funding enabled us to purchase early learning resources including: sensory equipment, role play, library and art resources as well as other toys and equipment to help us support children's early learning and development at Seashells.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**

**14 Restricted Funds (continued)**

**LCPG Health & Social Project**

Work experience and support for local secondary students working towards their Health & Social Care qualification.

**LCPG Play Project**

A home visiting focussed early learning through play project delivered to referred local families.

**LCPG Solihull Approach Parenting**

Five Solihull Approach parenting programme courses were successfully delivered to parents across Swale during the year, supporting them to support their children's development.

**Cleary Foundation**

Funding received to help us develop the nursery garden space to better meet the needs of our children.

**Awards for All**

Funding received to enable us to furnish and equip a creche space within a centre focussing on parenting support.

**Your Choice**

Funding received from the Illegal Money Lending Team to enable us to deliver an event to raise awareness around loan sharks.

**Early Education IT**

Funding received from our local KCC Member to support us with purchasing a large digital touch table for our 2-3 year olds and to support the installation of a CCTV system.

**15 Analysis of Group Net Assets between Funds**

	General Funds £	Designated Funds £	Restricted Funds £	Total £
Tangible fixed assets	429,620	-	-	429,620
Net current assets	238,401	213,528	31,179	483,108
	668,021	213,528	31,179	912,728

**16 Related Party Transactions**

	2017 £	2016 £
Fees receivable from The Sheerness West Federation of which Jim Duncan was a Governor during the year.	3,995	33,440
Fees payable to Swale CVS (a charity in which Christine White is the chief executive) in respect of HR, training services and other professional fees.	936	2,808
Amounts outstanding at the year end were:		
The Sheerness West Federation	611	335
Swale CVS	-	-

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**
**17 Revenue Commitments**

At the period end the Charity was committed to making the following payments in respect of operating leases with expiry dates as follows:-

	2017 £	2016 £
<b>Plant and Equipment</b>		
Within one year	-	-
Within two to five years	-	-
	<u>          </u>	<u>          </u>
<b>Land and Buildings</b>	£	£
Within one year	7,500	7,500
Within two to five years	-	-
More than five years	1	1
	<u>          </u>	<u>          </u>

**18 Capital Commitments**

	2017 £	2016 £
Contracted but not provided for	-	-
	<u>          </u>	<u>          </u>

**19 Reconciliation of Net Movement in Funds to Net Cash Flow from Operating Activities**

	Group		Charity	
	31st March 2017 £	31st March 2016 £	31st March 2017 £	31st March 2016 £
Net movement in funds	69,167	17,887	(28,938)	47,560
Add back depreciation charge and loss on disposal	23,165	22,653	11,600	11,562
Deduct interest income	(479)	(729)	(8,660)	(9,238)
Decrease (increase) in debtors	16,513	31,285	30,495	(9,406)
Increase (decrease) in creditors	59,022	(63,660)	156,095	(37,508)
<b>Net cash used in operating activities</b>	<b>167,388</b>	<b>7,436</b>	<b>160,592</b>	<b>2,970</b>